



# **NNSA/EM**

## **Strategic Sourcing Partnership (SSP)**

***Industry Day***  
***February 2, 2012***



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[www.em.doe.gov](http://www.em.doe.gov)

# Background

- Aug 2010 - Business Initiatives Memo
  - S-2 directed expansion of strategic sourcing across DOE
  - Recognized NNSA Supply Chain Management Center (SCMC) as a model for success
- Jul 2011 - DOE Reorganization that aligned EM and NNSA
  - Opportunity for EM to leverage existing strategic sourcing capability
- Aug 2011 - EMCBC performed cost/benefit analysis of SCMC integrating into EM
- Sep 2011 - Authority to proceed issued to EMCBC to develop implementation plan for NNSA/EM SCMC
- Jan 2012 - Under Secretary for Nuclear Security Authorized NNSA/EM Strategic Sourcing Partnership (SSP)



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# Purpose of NNSA/EM SCMC

- Current environment is defined by budget cuts and increased emphasis on cost reduction, process efficiencies and transparency
- Enterprise-wide effort to initiate more robust, integrated strategic sourcing across EM Sites
  - Transform EM acquisition processes from tactical and reactive to strategic and integrated
  - Achieve economies of scale, increased productivity, and increased cost savings
  - Leverage purchasing power to gain pricing, processing, and reporting efficiencies
  - Leverage proven SCMC sourcing tools, software platforms, processes and infrastructure



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# SCMC Overview

## What it is

- Enterprise-wide sourcing system to leverage EM and NNSA spend
- Structured, funded approach to acquisition cost savings
- Commodity teams responsible for data collection, commodity strategy, reporting and delivering savings
- A commercial best practice



## What it is not

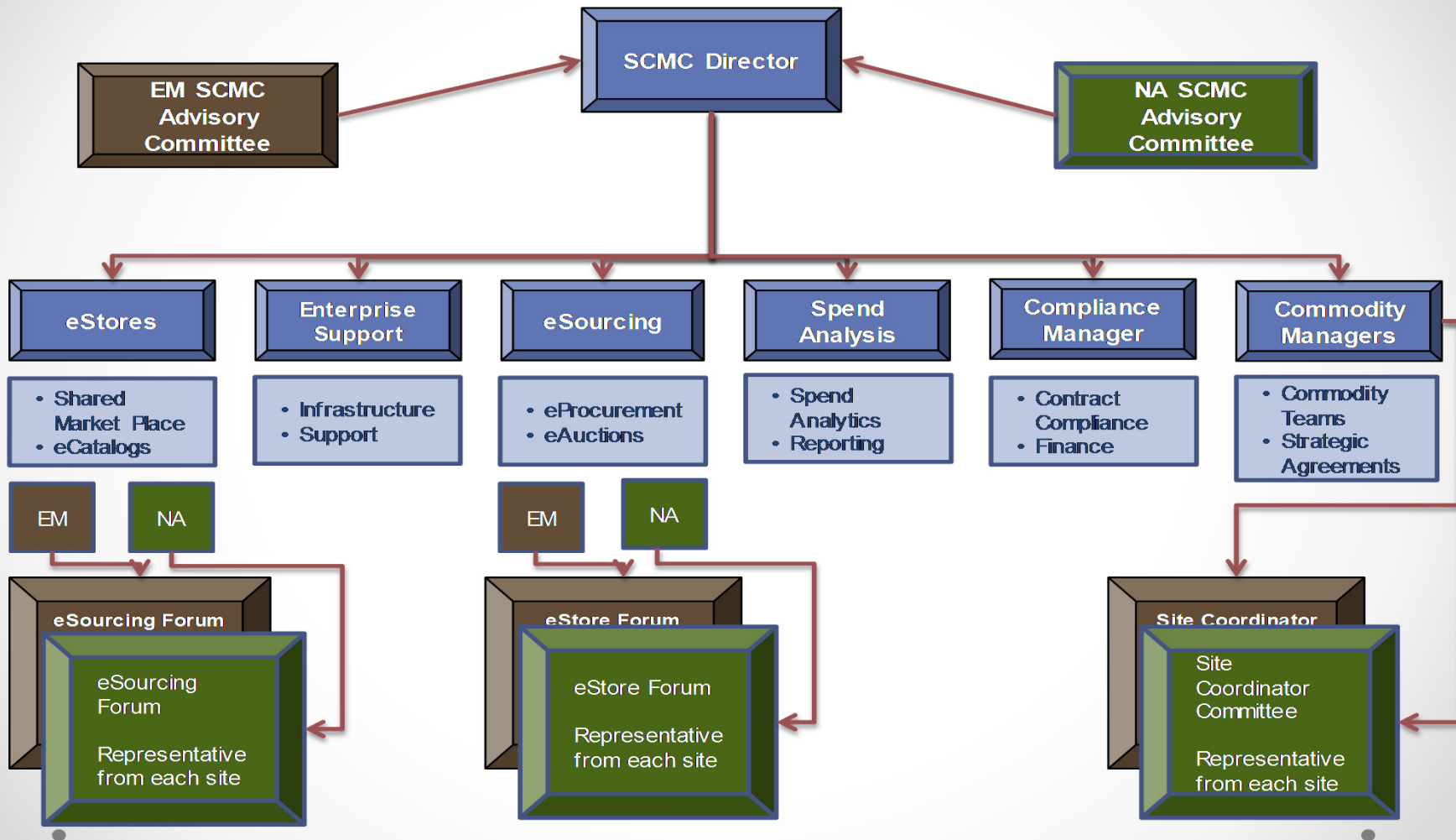
- Does not shift procurement budgets from individual sites
- Does not remove execution of spend from individual sites
- Does not replace local purchasing organizations
- Does not replace systems already in place
- Does not take “credit” for Small Business Contracting Activity
- For procurement of everything



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# SCMC Governance Model



# Roles and Responsibilities

## Strategic Sourcing Triad

### **Environmental Management Consolidated Business Center**

Ralph Holland, Deputy Director

- Champion strategic sourcing efforts of the Supply Chain Management Center
- Establishes accountability for deployment
- Provide oversight in establishing metrics to measure performance and cost savings attainment
- Provide guidance in targeting commodities for strategic sourcing
- Ensure sites participate by including appropriate goals in sites and contractors PEP and contracts to incentivize participation

### **Supply Chain Management Center**

Wallis Spangler, Director

- Lead collaboration among sites to achieve goals
- Conduct enterprise-wide spend analysis
- Lead commodity strategy and perform contract management
- Provide and maintain collaborative systems
- Ensure agreement compliance
- Assign commodity managers as necessary
- Collaborate in establishing performance based metrics and integrate into Scorecard

### **Site Acquisition Managers EM SAC**

- Participate with other site leaders, EM and SCMC to drive success
- Provide a site coordinator to manage SCMC-driven activities
- Provide commodity team members
- Ensure site supports collaborative system implementation and utilization
- Champion EM site goal execution
- Optimize the use of SCMC Agreements and tools

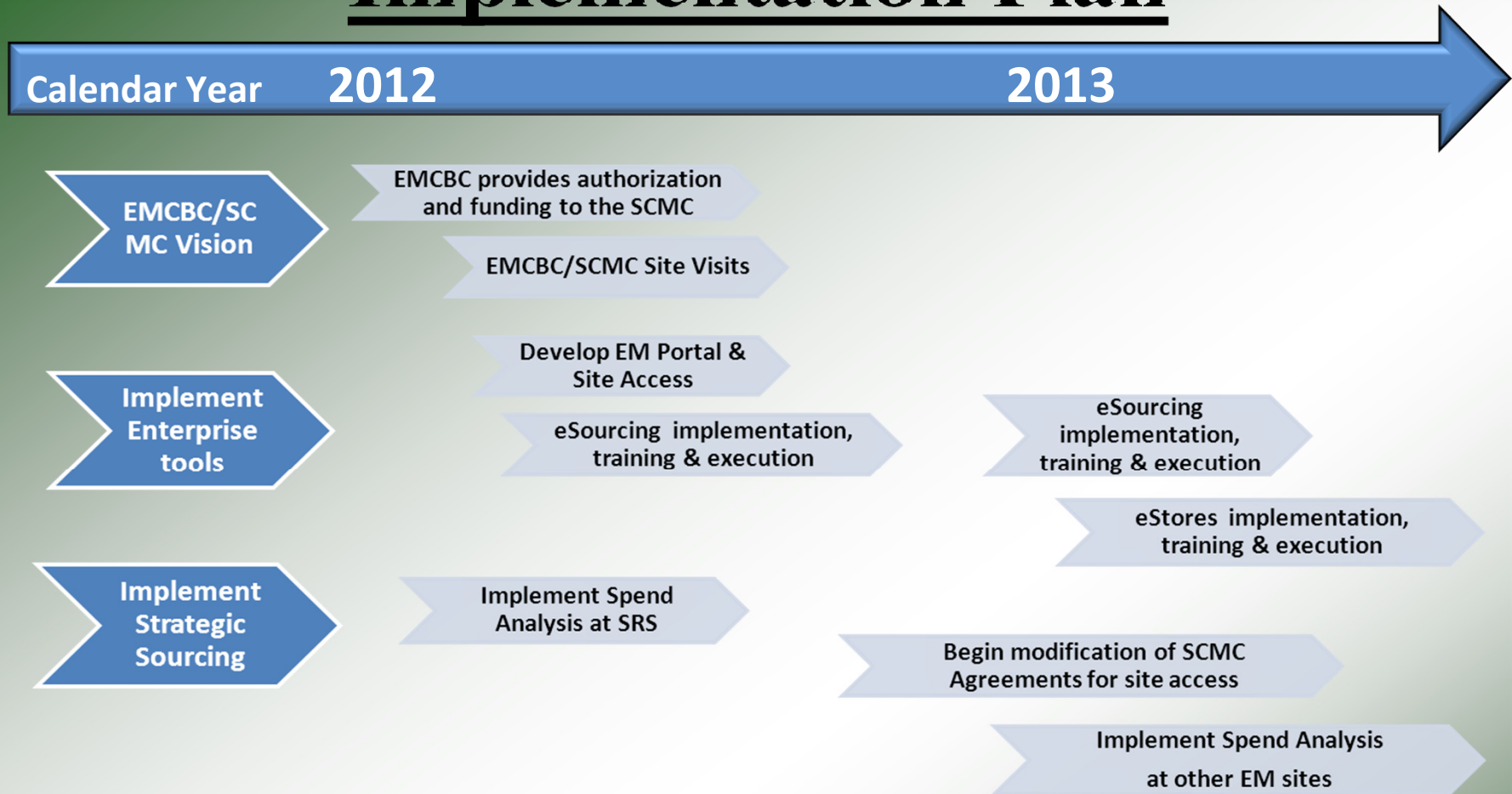


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# Implementation Plan



- Operating and achieving enterprise-wide cost savings by the end of FY2012
- Savannah River selected as pilot site for EM SCMC implementation



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# Who Does What to Support Implementation?

## SCMC

- Allocate Resources
- Provide Training for Tools
- Maintain Software Licenses
- Maintain Portal
- Maintain SCMC Tools
- Contract for Hosted Site
- Manage DOE Provided Funding

## EM SITES

- Support the EM Vision
- Allocate IT Resources to Support Implementation
- Provide Team Members as Required
- Maintain Internet Access
- Provide Entrust Software



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# Cost Savings Methodologies

- Three Standard Cost Savings Methods:
  1. Reduction from the previous price paid
  2. Reduction from independent cost estimate
  3. Reduction from preliminary market estimate
    - Preliminary quote
    - Budget amount on the requisition
- Cost savings method determined from top down. If first method applies, it must be used to the exclusion of the rest and so forth



# SCMC Commodity Teams

## Awarded

- Bank Card
- Anti-Virus Software\*
- Travel – Air
- Travel – Rental Car
- Travel - Hotel
- Ground Fuels\*
- Rx Glasses
- Lab Equipment and Supplies\*
- RSA Tokens and Maintenance\*
- Security – Air Purifying Masks\*
- Electrical Supplies\*
- Wireless Initiative\*
- Safety Supplies\*

\*Small Business

## In Process

- Travel – Management Services
- Bulk Gas
- Desktop & Laptop Computers
- Industrial Supplies
- Electronic Components



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# Supply Chain Management Center FY2011

- eSourcing savings of \$97.8M
- SCMC Agreement Savings of \$8.8M
- 40,846 eCatalog orders electronically transmitted to suppliers – increase of 344% from previous year
- Provided 885 hours of training to the NSE and DOE Sites
- Won 2011 “Progressive Manufacturing 100 Award” in Supply Network Mastery category – Top 100 Organizations in the World

**SCMC Savings FY2007 thru FY2011 – more than \$319M**



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# Performance Objectives FY12

- Implementation of NNSA/EM SCMC
  - Sign Business Process Overview Memorandum of Understanding
    - Contractor Procurement Directors
  - EM Access to NNSA Portal and SCMC eSourcing
- Achieve costs savings greater than cost of implementation (approx. \$3M)
- Establish EM SCMC Metrics
  - Collaborative Development of Site Goals



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# DRAFT EM Score Card

## Key Milestones

- Site implementation schedule for SCMC Tools, Portal modifications and access, modify Software licenses and maintenance orders,  
Site use of SCMC Tools,

## Multi-Site Objectives

- Report site savings for eSourcing events to meet or exceed implementation costs.

## Cost Savings

- Savings from eSourcing - \$\$,

## SCMC Implementation Costs

- eSourcing training , Staff support, eStore and Spend Analysis implementation, Software licenses and maintenance support, site hosting , Portal modification

Site Activity	SRS	RL	ORP	INL	WVDP	CBFO	OR	PPPO	Totals
MOU signed									
eSourcing Capability									
# of complete esourcing events									
# of in-process esourcing events									
# of forecast eSourcing events									
\$ savings from completed eSourcing events									
\$ forecast eSourcing savings									
eStore Capability									
# of eStore Orders processed									

Combined Savings from eSourcing		
	# of eSourcing events	Total Savings
2nd Q		
3rd Q		
4th Q		
Total		

## Highlights:



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# Driving Success

- EM must embrace partnership with NNSA
- Major EM Contractors will play a pivotal role in success
- Tailored incentives; tailored language for PEMP's



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# Next Steps

- Finalize/Sign NNSA/EM SCMC MOU
- Develop EM Entry webpage into NNSA Portal and provide EM sites access
- Execute eSourcing events to achieve cost savings of \$2-3 million during FY2012
- Deploy full suite of SCMC tools at SRS (pilot site)
- Site visits to share vision and review existing capability and systems
- Develop phased implementation plan for individual sites
- Finalize and Publish EM Score Card



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# Questions?

- For more information on the EM Strategic Sourcing initiative visit the program website at [www.emcbc.doe.gov/EM Strategic Sourcing](http://www.emcbc.doe.gov/EM%20Strategic%20Sourcing)
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